

# Sustainable development through corporate social responsibility policy in Bulgaria's bio-sector

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**Abstract:** The bioeconomy, as a complementary segment of the circular economy, encompasses all sectors and systems that rely on biological and environmental resources, their functions and principles. It can lead to the discovery of new opportunities to provide food, goods and energy without depleting the planet's limited biological resources. It can turn algae into fuel, recycle plastics, produce furniture or clothing from waste, and create organic fertilizers from industrial waste products. It has the potential to create over a million new "green jobs" by 2030. Bio-sector enterprises play a key role in accelerating the achievement of the UN's global goals. They contribute to reducing climate change and waste, creating new jobs and building sustainable development in a modern society. Corporate social responsibility is a concept that reflects the quality of the relationship between an organization and society. According to the European Commission's Green Paper, Corporate Social Responsibility (CSR) is "a concept that serves companies as a basis for voluntarily integrating social and environmental aspects into their business strategies and relationships with all stakeholders."

The purpose of this report is to examine how the principles of corporate social responsibility affect biosector enterprises in Bulgaria and the adequacy of the country's policy to engage them to adopt global goals for sustainable development. The results of the study show that CSR is not seen as a one-time act, but as a sustainable process, helping to balance the three pillars of sustainable development - economic growth, social development and environmental protection.

**Keywords:** CORPORATE SOCIAL RESPONSIBILITY, BIOECONOMICS, SUSTAINABLE DEVELOPMENT

## 1. Introduction

At the end of the 20th century, humanity began to realize that it was facing a number of threats and challenges related to climate change, population growth, soil degradation, limited biological resources and ecosystems in the world. Growing environmental problems and the uneven distribution of wealth in the world raise a number of issues related to achieving sustainability in the future development of modern society [1]. In response to these challenges, the concept of sustainable development emerges. The meaning of the concept is formulated in the report of the World Commission on Environment and Development "Our Common Future", which states that sustainable development is one that meets the needs of the present, without depriving future generations of the opportunity to meet their own needs. The concept forms a broad international consensus related to the goals, ideas and principles of sustainable development [2].

The strategic goal of sustainable development is to meet human, material and spiritual needs, aspirations and dreams for a better life and prosperity [3]. Achieving this goal requires the maintenance of such consumption standards that fit within the limits of environmental opportunities and are accessible to all participants in social, economic and social processes [4]. A key requirement is that the exploitation of resources, the direction of technological development and changes in institutions be in harmony and increase both current and future opportunities to meet human needs and aspirations..

**Ideas set in the concept of sustainable development are related to:**

- ✓ Harmonious development and use of natural (natural) factors of production and environment (land, water, forests, mineral resources, etc.) on the one hand and human resources on the other;
- ✓ Combining the goals of economic and social development with the requirement to preserve and improve the quality of the environment;
- ✓ Preservation and further development of all positive, favorable for sustainable development processes and trends.

**Principles of the concept of sustainability:**

- Comprehensive (global) comprehensive approach to the interconnectedness between the economy, ecology and social sphere, without giving preference to any of the elements.
- Comprehensive solution of the problems in the chain "global-private";

- Commitment of all in connection with solving problems: international organizations, governments, non-governmental organizations, companies, citizens, etc.
- Satisfaction of reasonable needs in connection with the change from consumer to environmentally friendly lifestyle.

Based on these goals, ideas and principles, the structure of the concept is built, uniting harmonized and balanced three separate systems: environmental, economic and social, which complement each other and form the pillars of sustainable development - economy, environment and social sphere, supported from the institutionalization of power [5] (see Fig. 1).

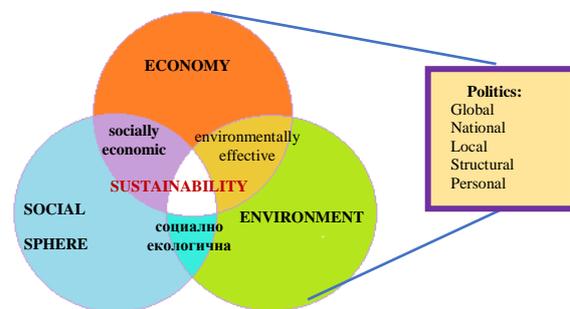


Fig. 1. Structure of the concept of sustainable development

**The ecological system** comprises self-regulating ecosystems, most of the main components of which are non-renewable. Breaking the interconnections between them leads to the destruction of the whole system. From an environmental point of view, sustainable development must ensure the stability of biological and physical systems.

**The social system** encompasses artificially created subsystems with clearly expressed subjects of management and hierarchy. The subsystems have different degrees of regulation, which depends on the adopted and imposed models. From a social point of view, the concept of sustainable development is aimed at preserving social and cultural stability, including reducing the number of destructive conflicts. Without a fair distribution of resources and opportunities among all members of society, sustainable development is impossible [6].

**The economic system** draws its resources from nature. From an economic point of view, the optimal use of limited natural resources is of key importance for this concept [7].

**The intersected areas reflect the areas of possible development:**

- permissible ecological balance;
- fair social welfare;
- viable and stable eco- and bio-economy (bioeconomy) and
- sustainability - harmonious and simultaneous development of the three aspects.

The concept of sustainable development aims to strengthen the link between man and nature. The full realization of this goal requires the existence of an economic system that creates the necessary amount of products and services; a social system that functions adequately and overcomes imbalances, a political system that stimulates the effective participation of the population in decision-making for future development, a production system that does not pollute and deplete the environment, an international system that promotes a secure model of finance and trade, an administrative system that is flexible, with the possibility of self-control.

## 2. Exploration

Corporate social responsibility (CSR) reflects the understanding that every organization must take responsibility for its influence on the social groups with which it interacts. According to the World Bank definition: "CSR is the commitment of business to contribute to sustainable economic development and to ensure contact with workers, their families, local authorities and society at large, in order to improve the quality of life that is acceptable to both businesses, as well as for development"[9]. It is an element of corporate culture that requires the fulfillment of voluntary commitments by companies. Personal gain and private corporate interests in it recede into the background and a new vision of corporate values is established. This means that companies work voluntarily, without being forced by law, to achieve social and environmental goals during their daily business activities.

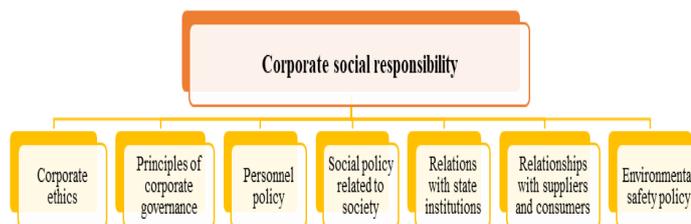


Fig. 2. Elements in a system for corporate social responsibility

The essence of corporate social responsibility contains three aspects:

- **Social obligation to society.** Regarding this aspect, there are two points of view related to the role of business in society. One covers proponents of the economic approach, according to which social responsibility is defined as an activity aimed primarily at maximizing the profits of owners. According to Friedman, "There is only one social responsibility of the organization in business - that of using its resources, to put them into activities that are designed to increase profits according to the rules of the game by participating in open competition" [8]. The second group includes supporters of the socio-economic approach. According to them, management is responsible not only for ensuring profit, but also for protecting and improving the welfare of the society in which this organization operates. And this implies that corporate social responsibility, in addition to making a profit, must protect and increase public welfare.
- **Social reaction.** Social responsibility, perceived as a social reaction, is associated with compliance of the organization with social norms, values and expectations of society. In addition to the production of goods, enterprises are also expected to bear part of the costs of society, environmental protection, ecology, social costs, as well as expectations that the organization will participate in solving social problems that society can not cope with. .
- **Social activity.** Social activity is that aspect of corporate social responsibility according to which the organization has an

attitude, makes decisions and performs actions that anticipate events. For example, it identifies needs and does everything possible to satisfy them through production, through communications with public groups and government agencies.

In order to encourage the commitment of companies to socially responsible behavior, in the context of the theory of sustainable development, in 2005 the standard ISO 26000 (BDS ISO 26000: 2012) was introduced in Bulgaria. This is an international standard that provides guidelines for action in the field of social responsibility beyond the requirements of regulations leading to sustainable development. According to the definitions set out in ISO 26000, sustainable development is "development that meets current needs without compromising the ability of future generations to meet their needs", and social responsibility is "the responsibility of the organization in terms of the impact of its decisions and activities on society and the environment through transparent and ethical behavior that:

- ❖ contributes to sustainable development, incl. health and well-being of society;
- ❖ takes into account the expectations of stakeholders, applying current legislation
- ❖ meets international standards of conduct;
- ❖ it is integrated in the organization and is practiced by it"[10].

The ISO 26000 standard is applicable to all enterprises in the private, public and non-profit sectors, regardless of their size. It provides business guidance in the following areas:

- recognition of social responsibility and stakeholder engagement;
- integration of socially responsible behavior in the enterprise as a whole [11,12].
- maintaining the seven basic principles of social responsibility (sixth article of the standard) - accountability, transparency, ethical conduct, respect for the interests of stakeholders, respect for the rule of law, respect for international norms of conduct and respect for human rights.

In Fig. 3 presents a model of corporate social responsibility based on the three pillars of sustainable development. According to ISO 26000, it includes the following seven aspects of social responsibility, adapted to the conditions of bio-enterprises:



Fig. 3. CSR according to ISO 26000 based on the three pillars of sustainability development

- ❖ **Organizational management.** A key factor in this process is accountability, transparency and ethics between stakeholders [13]. . Decisions must take into account the expectations of society.
- ❖ **Human rights:** This element is based on the understanding that all human beings have the right to fair treatment and the elimination of discrimination, torture and exploitation. This category covers a set of basic civil, political, economic, social and cultural rights such as - the right to life, freedom and equality before the law, freedom of expression, the right to food and employment, the right to the highest attainable standard of health, education and social security [14,15]. In this regard, CSR of bio-enterprises refers to basic principles

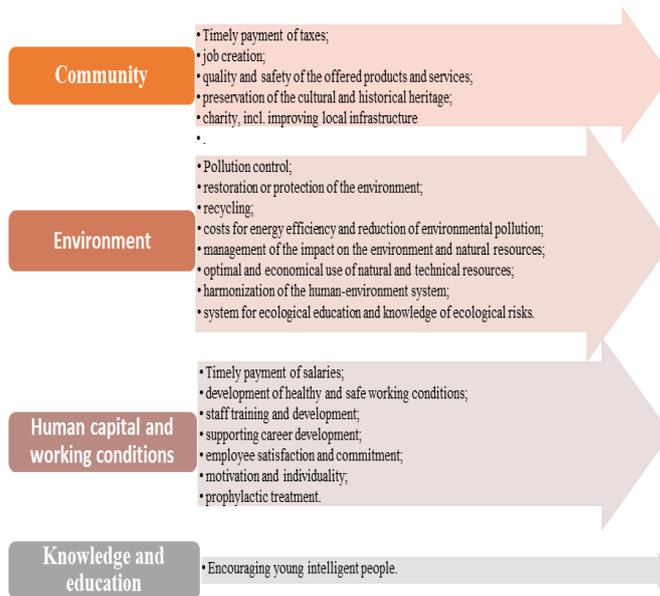
and rights in the workplace, resolving complaints, avoiding complex and risky situations, social security, promoting responsible behavior and citizenship; respect for personality and differences, etc.

- ❖ **Employment practices and relationships:** covers a set of policies and practices that the company applies to its employees. According to the activity of bio-enterprises CSR in this context is related to: labor relations, social dialogue, conditions for safe and healthy working conditions (hygiene, safety, occupational safety, accident protection, fire protection), human resources development (competencies and required number of expert staff, planned follow-up training in accordance with new trends), development and training in the workplace (comprehensibility of processes, technologies and documentation for them, integration of all stakeholders in change management, modernization or new technologies, etc. .) Increasing the knowledge, skills, competencies and qualities of employees lead to personal, social and economic well-being.
- ❖ **Environment:** refers to the fact that the decisions and activities of bio-enterprises invariably have a sparing impact on the environment [16]. . CSR of enterprises is aimed at developing programs related to: responsible and economical use (exploitation) of resources; reduction and optimization of energy consumption, use of alternative renewable sources; prevention of soil, water and air pollution (through greenhouse gases); careful protection of the environment, biodiversity and restoration of natural habitats; separate collection, controlled disposal and recycling of waste; replacement and improvement of tools, machines and technologies, raw materials, materials, etc. to achieve better environmental results, etc.
- ❖ **Loyal business practices.** They are related to the perception of ethical behavior in the company's relations with other organizations (customers, government institutions, partners, suppliers, contractors, customers, competitors and associations, etc.). Contribute to the building of sustainable social systems by - compliance with rules for fair competition; prevention of corrupt practices; ethical behavior, responsibility, equality and transparency in relations and respect for property rights.
- ❖ **Consumer issues.** The responsibility of the organization is aimed at providing - correct, transparent and useful marketing information and contractual procedures; minimizing risks and protecting the health and safety of consumers, resolving complaints and disputes, providing access to all with care for vulnerable and disadvantaged groups (eg people with physical and mental problems, impaired vision or hearing, inability to read) etc.) and others. Satisfied customers are an important factor in building trust and satisfaction, as well as enhancing the company's image and reputation.
- ❖ **Community inclusion and development.** The organization is considered a part, not a separate unit of the community. They should actively participate and assist in improving the condition of the local communities in which they operate; to create sustainable social structures with increasing levels education and well-being, to create employment, to generate wealth and income, to develop socially useful technologies and innovations.

Depending on the specific features, each company can determine the most appropriate and significant principles that affect its field of activity [17]. The areas of corporate social responsibility (society, environment, human capital and working conditions) and the activities in them are summarized in Fig.4. By implementing the ISO 26000 system for corporate social responsibility, industrial enterprises ensure:

- **Favorable long-term perspective** and long-term guarantees for profit (through the attitude of the society towards them).
- **They form a good reputation**, which - increase their sales; have the opportunity to hire qualified staff; gain access to government procurement, etc.
- **Satisfy the interests of shareholders** by increasing the value of the company and its shares [18].

- **They have resources to help and solve social problems.** With financial resources, specialists and experience, companies can support public and charitable projects.



**Fig. 4.** Areas and activities for implementation of CSR policy c bio-enterprises

The realization of the global goals for sustainable development through the policy of corporate social responsibility requires the application of various mechanisms by all stakeholders. The types of stakeholders, their interests and their mechanisms of influence on the company are summarized in Table. 1

Stakeholders	Main interests	Purpose of the enterprise	Guidelines for achieving the goals	Mechanisms of influence
Consumers	Satisfied need	Increasing the attractiveness of the offered products and services	Improving the quality of products and services; Flexible pricing; Expansion of the distribution network;	Refusal to purchase; Price reduction requirements; Requirements for improving the quality of the product and service;
Investors and shareholders	Investment income	Increasing investment attractiveness	Capitalization growth; growth in the value of shares; market expansion; increased business activity; improving the efficiency of management; building a flexible organizational structure.	Withdrawal of capital; dividend income; change in senior management.
Collaborators	Quality of life. Suitable working environment.	Increasing the attractiveness of the company for employees	High wages; Existence of social incentives Opportunity for professional growth Reduce staff turnover Ensuring safe working conditions.	Decrease in labor productivity. Non-compliance with labor and production discipline.
The state	Economic growth. Social development.	Contributes to the sustainable development of the country	Timely payment of taxes. Employment growth. Ethical business behavior.	Timely payment of taxes. Employment growth. Ethical business behavior.
Community	Social welfare. Ecological environment.	Helps to increase the welfare of society.	Reduction of greenhouse gas emissions; Implementation of environmental protection programs Implementation of charitable and social programs	Formation of a positive or negative image; Habitat improvement

**Table. 1.** Types of stakeholders, interests and mechanisms of influence on the company.

**Conclusion**

The social responsibility of the organization is a behavior that is assessed by other key figures in the market economy - consumers and the state. If the attitudes, decisions and actions of consumers and the state coincide with the attitudes, decisions and actions of the organization, then consumers and the state accept that it is a socially responsible organization, which increases the social and environmental added value of the company.

Social responsibility can be presented as a business practice involving a set of attitudes, decisions and actions that are oriented

towards society and the environment. Companies developing are considered to be socially responsible:

- policies aimed at sustainable development and prosperity of society;
- policies tailored to the expectations and requirements of all stakeholders;
- policies that comply with applicable laws and international ethical codes of conduct.

Corporate social responsibility is an expression of the understanding that every organization must take responsibility for its influence on the social groups with which it interacts. This is a long-term commitment on the part of business to develop its activities honestly and responsibly, to contribute to its economic development, but at the same time to help improve the lives of its employees, their families, the local community and society as a whole.

The application of the ISO 26000 standard increases the company's reputation and its competitive advantages, providing it with easier access to new markets. Ensuring improvements in many problematic areas of governance (eg working conditions, working hours, forced labor, the right of workers to form trade unions and collective bargaining, healthy and safe working conditions for employees, discrimination and disciplinary practices), the company's employees grow, and hence their productivity.

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